

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence
of the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington

August 5, 2020

WILLIAM M. McCOOL, Clerk

By  Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff

v.

KENNETH WARREN RHULE and
KENNETH JOHN RHULE,
Defendants.

NO. CR20-105 JCC

INDICTMENT

The Grand Jury charges that:

COUNT 1

(Conducting an Unlicensed Money Transmitting Business)

1. Beginning at a time unknown, but not later than April 11, 2018, and continuing until at least December 6, 2018, in Snohomish County and King County, within the Western District of Washington, and elsewhere, the defendant, KENNETH WARREN RHULE did knowingly conduct, control, manage, supervise, direct, and own all and part of an unlicensed money transmitting business affecting interstate and foreign commerce, which: (a) was operated without an appropriate money transmitting license in a State where such operation is punishable as a misdemeanor and a felony under State law, to wit, the State of Washington; (b) failed to comply with the money transmitting

business registration requirements set forth in Title 31, United States Code, Section 5330, and the regulations prescribed thereunder, and; (c) otherwise involved the transportation and transmission of funds that were known to the defendant to have been derived from a criminal offense and were intended to promote and support unlawful activity.

All in violation of Title 18, United States Code, Section 1960(a), (b)(1)(A), (b)(1)(B) and (b)(1)(C).

COUNTS 2-7
(Laundering of Monetary Instruments)

2. On or about the dates listed below, in Snohomish County and King County, within the Western District of Washington, and elsewhere, the defendant, KENNETH WARREN RHULE, with the intent to conceal or disguise the nature, location, source, ownership, and control of property believed to be the proceeds of specified unlawful activity, and to avoid a transaction reporting requirement under State and Federal law, did knowingly and willfully conduct and attempt to conduct a financial transaction affecting interstate or foreign commerce involving property represented by a law enforcement officer to be proceeds of specified unlawful activity, to wit, trafficking in persons and recruiting and harboring a person for commercial sex acts:

COUNT	Date	Description	Transaction Amount
2	6/22/18	RHULE sold bitcoin for cash	\$15,000
3	9/25/18	RHULE sold bitcoin for cash	\$20,000
4	10/10/18	RHULE sold bitcoin for cash	\$20,000
5	10/31/18	RHULE sold bitcoin for cash	\$20,000
6	11/2/18	RHULE sold bitcoin for cash	\$15,000
7	12/6/18	RHULE sold bitcoin for cash	\$20,000

All in violation of Title 18, United States Code, Sections 1956(a)(3)(B), (a)(3)(C) and 2.

COUNT 8

(Conspiracy to Manufacture and Distribute Marijuana and Marijuana Distillates)

3. Beginning no later than April 2014 and continuing until at least on or about March 2020, in Snohomish County, within the Western District of Washington, and elsewhere, the defendants, KENNETH WARREN RHULE, KENNETH JOHN RHULE, and others known and unknown, did knowingly and intentionally conspire to manufacture and distribute marijuana, a Schedule I controlled substance under Title 21, United States Code, Section 812.

4. It is further alleged that the conduct of KENNETH WARREN RHULE and KENNETH JOHN RHULE, as members of the conspiracy charged in this Count, which includes the reasonably foreseeable conduct of other members of the conspiracy charged in this Count, involved 1,000 kilograms or more of a mixture and substance containing a detectable amount of marijuana.

All in violation of Title 21, United States Code, Sections 841(a)(1), 841(b)(1)(A), and 846.

COUNT 9

(Possessing a Firearm During and in Relation to a Drug Trafficking Crime)

5. On or about March 10, 2020, in Snohomish County, in the Western District of Washington, the defendant, KENNETH WARREN RHULE, did knowingly possess a firearm, to wit a Smith and Wesson M&P 9mm handgun, in furtherance of a drug trafficking crime for which he may be prosecuted in a court of the United States, that is, Conspiracy to Manufacture and Distribute Marijuana and Marijuana Distillates, as charged in Count 8, above.

All in violation of Title 18, United States Code, Section 924(c)(1)(A).

FORFEITURE ALLEGATIONS

All of the allegations contained in this Indictment are realleged and incorporated by reference for the purpose of alleging forfeiture.

Counts 1–7

Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of any of the offenses alleged in Counts 1–7, the defendant, KENNETH WARREN RHULE, shall forfeit to the United States any and all property, real or personal, involved in the offense, or any property traceable to such property, including but not limited to:

a. The following property, seized on or about March 10, 2020, from KENNETH WARREN RHULE's residence in Bothell, Washington:

i. One 2016 Dark Gray Tesla Model S, VIN:

5YJSA1E22FF117465, bearing Washington State License Plate BOS0948;

ii. Approximately 89 silver bars and coins;

iii. Approximately 12 Louis Vuitton, Prada, or Gucci handbags;

iv. One Hamilton Luxury Watch, Khaki Aviation X-Wind Auto Chrono; and

v. Approximately \$42,000 in U.S. Currency;

b. Approximately \$593 in U.S. currency, seized on or about March 10, 2020, from KENNETH WARREN RHULE in or around Bothell, Washington;

c. One 2015 Black GMC Sierra pick-up truck with topper and lift kit, VIN: 1GT12ZE86FF149097, bearing Washington State License Plate C30354L, seized on or about March 10, 2020;

d. The following property, seized on or about March 13, 2020, from the aforementioned GMC Sierra pick-up truck:

i. Approximately \$32,339.00 in U.S. Currency;

ii. One Western Union money order in the amount of approximately \$499 in U.S. funds;

iii. Two American Express gift cards with a combined value of approximately \$250.83 in U.S. funds; and

iv. One Gray and Black Men's Gucci Shoulder Bag.

1 e. A judgment for a sum of money representing the proceeds that
2 KENNETH WARREN RHULE obtained from the offenses charged in Counts 1-7.

3 Count 8

4 Pursuant to Title 21, United States Code, Section 853(a), upon conviction of the
5 offense alleged in Count 8, the defendants, KENNETH WARREN RHULE and
6 KENNETH JOHN RHULE, shall forfeit to the United States any property constituting, or
7 derived from, any proceeds the defendants obtained, directly or indirectly, as the result of
8 that offense, and also shall forfeit any of the defendants' property used, or intended to be
9 used, in any manner or part, to commit, or to facilitate the commission of, that offense,
10 including but not limited to:

11 a. The real property commonly known as 29428 181st Street SE,
12 Monroe, Washington 98272, Snohomish County, Parcel No. 27081800202100 and all of
13 its buildings, improvements, appurtenances, fixtures, attachments and easements, more
14 particularly described as:

15 LOT 12, AS SHOWN ON SURVEY RECORDED IN VOLUME 14 OF
16 SURVEYS, PAGE 107, UNDER SNOHOMISH COUNTY RECORDING NO.
17 8107085004, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, BEING
18 LOCATED IN SECTION 18, TOWNSHIP. 27 NORTH, RANGE 8 EAST, W.M,
IN SNOHOMISH COUNTY, WASHINGTON;

19 b. The real property located at 29424 181st Street SE, Monroe,
20 Washington 98272, Snohomish County, Parcel No. 27081800200200, and all of its
21 buildings, improvements, appurtenances, fixtures, attachments and easements, more
22 particularly described as:

23 LOT 11, AS SHOWN ON SURVEY RECORDED IN VOLUME 14 OF
24 SURVEYS, PAGE 107, UNDER SNOHOMISH COUNTY RECORDING NO.
25 8107085004, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, BEING
26 LOCATED IN SECTION 18, TOWNSHIP. 27 NORTH, RANGE 8 EAST, W.M,
IN SNOHOMISH COUNTY, WASHINGTON;

27 c. The following property, seized on or about March 10, 2020, from
28 KENNETH WARREN RHULE's residence in Bothell, Washington:

- i. One 2016 Dark Gray Tesla Model S, VIN: 5YJSA1E22FF117465, bearing Washington State License Plate BOS0948;
- ii. Approximately 89 silver bars and coins;
- iii. Approximately 12 Louis Vuitton, Prada, or Gucci handbags;
- iv. One Hamilton Luxury Watch, Khaki Aviation X-Wind Auto Chrono; and
- v. Approximately \$42,000 in U.S. Currency;
- d. Approximately \$593 in U.S. currency, seized on or about March 10, 2020, from KENNETH WARREN RHULE in or around Bothell, Washington;
- e. The following property, seized on or about March 10, 2020, from KENNETH JOHN RHULE's residence in Monroe, Washington:
 - i. Approximately 5.12094153 bitcoin;
 - ii. Approximately 23.46324478 bitcoin;
- f. One 2015 Black GMC Sierra pick-up truck with topper and lift kit, VIN: 1GT12ZE86FF149097, bearing Washington State License Plate C30354L, seized on or about March 10, 2020;
- g. The following property, seized on or about March 13, 2020, from the aforementioned GMC Sierra pick-up truck:
 - i. Approximately \$32,339.00 in U.S. Currency;
 - ii. One Western Union money order in the amount of approximately \$499 in U.S. funds;
 - iii. Two American Express gift cards with a combined value of approximately \$250.83 in U.S. funds; and
 - iv. One Gray and Black Men's Gucci Shoulder Bag.
- h. One Cessna P210N, with registration number N21LT and serial number P21000216, and associated flight and maintenance logbooks and documents, seized on or about May 4, 2020, in or about Snohomish, Washington;

1 i. Approximately \$10,000 in U.S. currency, seized on or about July 14,
2 2020, from KENNETH JOHN RHULE in or around Honolulu, Hawaii; and

3 j. A judgment for sums of money representing the proceeds that each
4 defendant personally obtained from the conspiracy.

5 Count 9

6 Pursuant to Title 18, United States Code, Section 924(d)(1) and Title 28, United
7 States Code, Section 2461(c), upon conviction of the offense alleged in Count 9, the
8 defendant, KENNETH WARREN RHULE, shall forfeit to the United States any firearms
9 and ammunition involved or used in that offense, including but not limited to the firearm
10 described in Count 9.

11 Substitute Assets

12 If any of the above-described forfeitable property, as a result of any act or
13 omission of the defendants,

- 14 a. cannot be located upon the exercise of due diligence;
15 b. has been transferred or sold to, or deposited with, a third party;
16 c. has been placed beyond the jurisdiction of the Court;
17 d. has been substantially diminished in value; or
18 e. has been commingled with other property which cannot be divided without
19 difficulty;

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1 it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b),
2 Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461(c),
3 to seek the forfeiture of any other property of the defendants, up to the value of the above-
4 described forfeitable property.

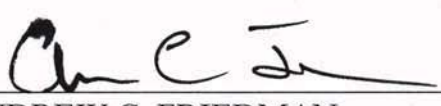
5 A TRUE BILL:

6 DATED: 8/5/2020

7 *Signature of Foreperson redacted*
8 *pursuant to the policy of the Judicial*
9 *Conference of the United States.*

10 FOREPERSON

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12
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14 
15 BRIAN T. MORAN
United States Attorney

16 
17 ANDREW C. FRIEDMAN
18 Assistant United States Attorney

19 
20 MARIE M. DALTON
21 Assistant United States Attorney